

Media Release

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**HBM Healthcare Investments Half-Year Report  
September 2019**

**HBM Healthcare Investments continued successfully in the second quarter of the 2019/2020 financial year. A quarterly profit of CHF 27 million took the Company's overall first-half result to CHF 102 million. Net asset value rose by 7.8 percent during the same period, and the share price advanced by 18.9 percent.**

**The principal contributors were positive developments of private portfolio companies, which led to higher valuations. Private companies account for 46 percent in total, while the public portfolio has been scaled back to 40 percent of assets. Thanks to considerable liquidity, HBM Healthcare Investments has plenty of room for manoeuvre.**

HBM Healthcare Investments achieved a profit of CHF 27 million in the second quarter of the 2019/2020 financial year. Net asset value (NAV) per share rose by 2.0 percent. The Company benefited from growth in the value of a number of holdings in the portfolio of private companies as a result of financing rounds, IPOs, trade sales and milestone payments.

HBM Healthcare Investments made a total profit of CHF 102 million in the first half of the reporting year to 30 September 2019, leading to a NAV increase of 7.8 percent. The share price surged by 18.9 percent during the same period. This meant that HBM Healthcare Investments' performance over the past six months has significantly exceeded that of the relevant stock market indices in the healthcare sector (MSCI World Health Care Index +0.7 percent, Nasdaq Biotechnology Index –10.5 percent).

**Value-driving developments at private companies**

In August, Harmony Biosciences received US market approval for Wakix®, a drug to treat narcolepsy. The company also completed a financing round of USD 50 million, in which HBM Healthcare Investments took a USD 6 million stake. Since this financing round resulted in the company's upward revaluation, the value of the holding increased by CHF 27 million.

Chinese company Shanghai Cathay Biotech conducted a further capital increase of CNY 1 billion (CHF 140 million) in September, which also raised the company's valuation. HBM Healthcare Investments did not participate in this financing round. However, the value of its holding increased by CHF 14 million as a result of it.

SpringWorks Therapeutics, a US company working in the field of targeted cancer treatment, went public on the Nasdaq in September, generating a book profit of CHF 17 million for HBM Healthcare Investments.

Claims to performance-related sales proceeds from a variety of previous trade sales yielded a total of CHF 32 million for HBM Healthcare Investments during the quarter under review – a gain of CHF 15 million compared with balance sheet figures to date. The largest such amount originated from the 2011 sale of German diagnostics company mtm laboratorieso Roche.

The medical technology company Rebound Therapeutics was acquired by Integra LifeSciences during the quarter. Rebound was founded and held by the Medfocus Fund. The sale increased the fair value of HBM Healthcare Investments's units in the Medfocus Fund by CHF 6 million.

## **Balanced portfolio**

The portfolio of private companies was expanded by a small investment of CHF 3 million in MicroOptx. Based in Maple Grove, Minneapolis, the company is developing an implant to treat patients with elevated pressure in the eye.

The portfolio retains its very cautious and balanced composition. Private companies account for 46 percent of assets, comprising 35 percent direct investments, 10 percent funds, and one percent expected milestone payments.

Meanwhile, public companies make up 42 percent of assets, or 40 percent when the market hedge is taken into account. The quarter just ended saw profit-taking on certain investments, and the disposal of just under CHF 90 million of listed positions. These moves were prompted by liquidity considerations (par value repayment), and the IPOs of SpringWorks Therapeutics and Viela Bio in September and early October respectively, both of which increased the size of the Company's public portfolio. The scale of the market hedge was reduced slightly.

Following the par value repayment, cash and cash equivalents represented 11 percent of assets, or 9 percent when the repurchase obligation under the market hedging arrangement is taken into account.

## Outlook

In addition to the companies mentioned above, many of HBM Healthcare Investments's other private portfolio companies are also developing very well. Neurelis expects the approval for its Valtoco nasal spray to treat acute epileptic seizures at the beginning of 2020. Viela Bio achieved its listing on the US Nasdaq in early October, after the balance sheet date. Other private companies are also planning to go public.

Some of the companies in which HBM Healthcare Investments initially invested relatively small amounts are proceeding as planned with their clinical trials and will be publishing results over the coming months. If positive, this will open up considerable value-generation potential for these companies.

Among the public companies, HBM Healthcare Investments is expecting Y-mAbs Therapeutics to submit applications for the market approval of its Naxitamab and Omburtamab compounds to treat rare cancers in the nervous systems of children by the end of 2019. Pivotal study data and approval decisions are also likely at a range of other companies in the months to come, which should have a positive overall effect on their value.

General sentiment on the financial markets was a little subdued in the first few trading days of October. However, with a sound portfolio of companies that are performing very well operationally, not to mention a reduced allocation of public companies, HBM Healthcare Investments is less exposed to market turbulences and volatility.

HBM Healthcare Investments starts the second half of the financial year with great confidence in the further development of its portfolio companies but proceeds with a certain degree of caution because the general market environment is difficult to assess.

The Half-Year Report September 2019 is available on the Company's website <https://www.hbmhealthcare.com/en/investors/financial-reports>.

## Contact

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## **About HBM Healthcare Investments**

HBM Healthcare Investments invests in the healthcare sector. The Company holds and manages an international portfolio of promising companies in the human medicine, biotechnology, medical technology and diagnostics sectors and related areas. Many of these companies have their lead products already available on the market or at an advanced stage of development. The portfolio companies are closely tracked and actively guided in their strategic direction. This is what makes HBM Healthcare Investments an interesting alternative to investments in big pharma and biotechnology companies. HBM Healthcare Investments has an international shareholder base and is listed on SIX Swiss Exchange (ticker: HBMN).

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